

ALTERNATIVES IN AGRICULTURE '87 :

ARE THERE ANY ?

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Thank you Mr. Chairman, Fellow Panelists, Ladies and Gentlemen.

It is indeed a pleasure to share the podium with individuals of such expertise as we have here today. Although we are all interested in the future of agriculture, we do come from different sectors of the agro-related business. I as a farmer have to take all this information, digest it and come up with a plan that will keep me in business not only in 1987, but in years to come. It is this task that at times becomes almost overwhelming.

Agriculture in Canada and especially in the West needs policy for survival over the long term and I think if this would be developed we as farmers could afford to survive in the nearby. We as producers of farm goods have become the victims of endless regulation, to the place where we are almost totally out of control of the marketing of our produce. We have both the ability and resources to produce a great deal. It is hard for me, a farmer from NE Sask., to conceive such a system that stifles our ability to become more flexible. Our system at present, almost removes me from the marketing of my product. We, as farm business people are probably the only industry that lets our production become divorced from the marketing arm. I think I can safely say I know

of no other business that operates in this kind of environment.

On to the task given to me. What are the implications of diversifying and how do I fit these to the markets? This is an extremely complex question given our depressed agricultural economy. These questions must be answered by every farmer in Western Canada. By wholly or partially answering these, we must be able to come up with a profitable bottom line or we won't be in business too long. How do I as a farmer use the data and information generated by you the specialist in each specific area. Also where do I go to get this information? I will try and focus my thoughts on these issues in the next few minutes.

As to the diversifying of crops, first some background of where I farm. Our farm is situated in NE Sask. at Tisdale. The land in the Carrot River Valley is noted as being some of the most productive in Sask. This scenario has prompted many of us to experiment with a number of different varieties of grains and oilseeds because of market restrictions as well as hostile weather patterns, eg. late springs, early frosts, etc.

A number of varieties that have been tried in the NE have not been well suited, whereas others have performed quite well with our soils and climate conditions. By investigating many of these options, summerfallow has been diminishing over the past decade. Every time cropping patterns are altered it creates a whole new set of problems. They, unless thought through thoroughly as to the long term effect as well as to the short term success may put your farm in jeopardy. This further supports the case of more research

specific to each growing area. Farming where these sort of attitudes exist has created a whole mental acceptability to change. We are looking for some new varieties to grow. I just heard of a new sunflower variety with a maturity date much the same as spring wheat and a much shorter stem so it can be harvested with conventional equipment. I understand that it is being multiplied in Hawaii this winter.

COST OF PRODUCTION:

This area must be adhered to no matter what crop is grown. For the past number of years this hasn't been as critical as it will be this year and in the future. unless something unforeseen is to happen in the food producing countries. Roy Button, the previous speaker created a cost analysis sheet based on the averages for the main crops grown in our area, leaving room for the producer to plug in his own figures. I would suggest that this sort of process should become part of every farmers management package.

LONG TERM ROTATIONS:

The ability to work new and high value crops into the rotation at times becomes somewhat difficult when growing grasses and legume crops. Keeping these crops in rotation reduces soil degradation but at the same time may have a direct impact on one's pocket book. Disease from previous crops tend to hinder the planting of successive crops that have similar problems. Careful planning in extending out rotations is imperative. Insect control isn't quite as critical as disease or fungi problems. Volunteering

of previous crops can sometimes become impossible to remove by chemical application or physical processing. These last two examples if they are attainable may become very costly, thereby removing their net benefit to the farming operation.

CHEMICAL RESIDUES:

They do pose a problem in subsequent crops. Many of the previous crops grown required specific chemical application to control weed growth. One must keep field records of herbicides applied as well as when, where, what concentrations, and along with this what is the breakdown of the particular chemical on the different soil types, textures organic matter, PH etc.

MOISTURE RESERVES AND ANNUAL RAINFALL:

Moisture is one of the most essential requirements to growing a good crop. For some crops too much at the wrong time can render them both worthless and unsaleable. Selecting the right crop for agronomic performance under ideal conditions could make farming a lot less stressful at times. Trying to second guess nature on rainfall, hail, frost, wind and heat units for the coming season puts one in the category of a high risk gambler. Maintenance of moisture reserves on some soil textures requires careful management consciousness. On others drying it out in order to attain a good seed bed is important. There becomes a fine balance between the two.

VARIETY SELECTION--BOTH OLD AND NEW:

The selection of varieties most suited to a particular field comes somewhat easier than the previous points mentioned, but isn't

without careful planning as to the economic benefits. Questions asked most frequently are date to maturity, resistance to diseases, rust, blights as well as overall performance when rated against proven varieties for your growing region. An area of concern for I as a farmer is what are my yield losses due to fungi and blights and are there fungicides available to control these. Our European counterparts place a great amount of importance on control of these problems because of the yield reducing effect. This may be an area we are losing out on because of the lack of research dollars.

The selection of crops that contribute to better cashflowing must not be minimized in tight economic times. Timely seeding of a crop to try and capture a market peak can be most rewarding as well as profitable.

EXTRA OR SPECIALISED EQUIPMENT:

In trying to work out a game plan for the coming year I have to take into account will the crop to be grown and harvested require special equipment? If this is the case, what is the cost along with the availability of the machine needed. Can in fact the farm afford a capital expenditure of this nature? Some of this cost may be offset if leasing or renting is an option. Large amounts of capital investment at times may rule out the net benefit of high risk-value crops. An area that comes to mind is alfalfa production. This enterprise has a two fold benefit. The seed along with the production of leaf-cutter bees. This endeavor requires knowledge on handling bees, cost of housing and

related equipment and finally will there still be a market for seed if the American agriculture policy is altered. A word of advice is to approach any of these new ventures with caution if all the answers are not reasonably clear cut.

TIME MANAGEMENT:

With all of the previous mentioned options and considerations the extra work load as related to time management should not be overlooked. This area alone has been the ruination of many a productive venture. Timeliness can quickly be attributed to the success for failure of many business and farming is no exception. Growing crops that spread out the work load during peak seasons will reduce extra man hours, contribute to better cash flow preformance and remove some stress. This should contribute to a more efficient farm unit.

SUBSIDIES:

Viewed by many as curse to our freeworld markets are subsidies both direct and indirect. These inequities, although not fully understood by the farming community, have a direct effect on the kinds and quantity of crop produced. Western Canadian farms are not immune. Total Canadian farm subsidies now total one-third of our total farm income, six billion dollars. This is substancially less than our neighbors to the south with twenty-five billion or the EEC at forty-five billion. Farmers of every country have long demonstrated a remarkable ability to find loopholes in restrictions designed to reduce production. My question is, in order to survive today, how do we make the best

use of the policies that are placed upon us without jeopardizing our farms in the future? Reality is that we can't survive totally on subsidies so what are the alternatives? Where are the profit returning markets?

MARKET OPTIONS:

Is there enough capacity within Canada to dispose of which ever crop I am growing? If the answer is no, then maybe more research is needed to determine if sales are being missed or passed up. Our export trade has been dwindling in the past decade and it will continue to have pressure exerted upon it as long as there is excess food supplies around the world.

Another outlet that should not be overlooked is the availability of a processor that could turn the product into a high value saleable item, eg. flour market, malt, edible oil, green crops and high moisture feed market just to mention a few.

One final concern related to the export market is the ability of many of the developing countries to pay for our product. Often after the aid to these countries ceases so does our markets.

One small market that may be pursued is the growing of pedigreed seed. This is an alternative to the traditional way of realizing cash on ones own farm. It too comes with its own problems.

TRANSPORTATION:

This cannot be ruled out when considering what strategies are available. So often distance to markets has reduced the potential of profit to a minimum. The use of truck-train units

have a potential saving if back haul rates are available. Premiums may develop which will offset the cost to enable you to capture a peak in the market. Another cost saving measure available to farmers is the use of producer cars. The average dollar benefit is about four hundred and fifty dollars on board grains and about fifteen hundred on oilseeds. Export cars appear, on the surface, to be the same as producer cars. They are not. These carry some extra restrictions, so don't have the same net benefit. However they are still generally better than using the local elevator to dispose of the commodity.

SELLING OPTIONS:

Options available include single desk selling. This is low risk with little expertize needed to market grain. There are contracts where a commodity is offered for sale at a predetermined price or portion thereof. This is a position that the CWB has used quite successfully the past two years. The reward to this is the quick movement of the commodity resulting in lower costs of retaining inventory. Hedging requires more expertice than the above methods but also has the greatest potential for financial benefit. Spot markets have financial gain but are extremely if not impossible to capture on a regular basis. Access to the most up to date market information is essential, whether this is through newsletters, Grassroots etc, one must keep abreast of any developments in order to try and maximize the highest returns per acre in 1987.

We in Western Canada, are bound by the regularatory system so

that we are virtually unable to fully capitalize on many of the options available. Most, if not all commodities are directly or indirectly tied to the quota system. This system has been the leader of soil degradation for many years. A major overhaul of the CWB and quota would probably be in order so it could better serve the needs of all farmers in each growing region, as well as our customers abroad. The role of the CWB needs to be put back to selling wheat and not as a regulatory body trying to solve all the problems of every grain grown on the prairies. Good market signals are better than trying to second guess a quota intention.